

1 KELLER BENVENUTTI KIM LLP

2 Tobias S. Keller (#151445)

3 (tkeller@kbbkllp.com)

4 Peter J. Benvenutti (#60566)

5 (pbenvenutti@kbbkllp.com)

6 Jane Kim (#298192)

7 (jkim@kbbkllp.com)

8 650 California Street, Suite 1900

9 San Francisco, CA 94108

10 Tel: 415 496 6723

11 Fax: 650 636 9251

12 *Attorneys for Debtors and Reorganized Debtors*

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case, No.
19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' SIXTY-
SEVENTH OMNIBUS OBJECTION TO
CLAIMS (PLAN PASSTHROUGH
WORKERS' COMPENSATION CLAIMS)**

Response Deadline:

March 24, 2021, 4:00 p.m. (PT)

**Hearing Information If Timely Response
Made:**

Date: April 7, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, the “**Debtors**,” or as reorganized pursuant to the Plan (as
6 defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11**
7 **Cases**”), hereby submit this Sixty-Seventh Omnibus Objection (the “**Objection**”) to the claims identified
8 in the column headed “Claims To Be Expunged” on **Exhibit 1** annexed hereto.

9 **I. JURISDICTION**

10 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
11 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
12 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
13 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
14 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
15 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
16 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**
17 **Rules**”).

18 **II. BACKGROUND**

19 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
20 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
21 Debtors continued to operate their businesses and manage their properties as debtors in possession
22 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
23 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
24 purposes only pursuant to Bankruptcy Rule 1015(b).

25 Additional information regarding the circumstances leading to the commencement of the Chapter
26 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
27 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
28 No. 263].

On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be further modified, amended or supplemented from time to time, and together with any exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See Dkt. No. 8252.

III. RELIEF REQUESTED

The Reorganized Debtors file this Objection pursuant to section 502 of the Bankruptcy Code, Bankruptcy Rule 3007, Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”) seeking entry of an order expunging Proofs of Claim designated under the Plan as “HoldCo Workers’ Compensation Claims” or “Utility Workers’ Compensation Claims.” The Plan defines Workers’

¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 Compensation Claims as “any Claim against the Debtors by an employee of the Debtors for the payment
2 of workers’ compensation benefits under applicable law.” Plan § 1.270. Plan § 1.122 defines “HoldCo
3 Workers’ Compensation Claims” as “any Workers’ Compensation Claim against HoldCo,” and section
4 1.261 defines “Utility Workers’ Compensation Claims” as “any Workers’ Compensation Claim against
5 the Utility.” Section 4.9 of the Plan provides that “[o]n and after the Effective Date, each holder of a
6 HoldCo Workers’ Compensation Claim shall be entitled to pursue its Claim against Reorganized HoldCo
7 as if the Chapter 11 Cases had not been commenced.” Section 4.28 provides the same for Utility
8 Workers’ Compensation Claims. Accordingly, the HoldCo Workers’ Compensation Claims and the
9 Utility Workers’ Compensation Claims (together, the “**Plan Passthrough Workers’ Compensation**
10 **Claims**”) are unimpaired and are to be resolved in the ordinary course as if the Chapter 11 Cases had
11 not been commenced, there is nothing for this Court to resolve with respect to any such claims and,
12 therefore, any proofs of claim filed on account of any Plan Passthrough Workers’ Compensation Claims
13 should be expunged.

14 For the avoidance of doubt, nothing herein in this Objection shall alter the unimpaired status
15 under the Plan of any Plan Passthrough Workers’ Compensation Claims or alter or impair the ability of
16 any holder of a Plan Passthrough Workers’ Compensation Claim to pursue such claim in the ordinary
17 course against the Reorganized Debtors as if the Chapter 11 Cases had not been commenced. The Plan
18 Passthrough Workers’ Compensation Claims are identified on **Exhibit 1**, in the columns headed “Claims
19 To Be Expunged.” The Reorganized Debtors request that the Plan Passthrough Workers’ Compensation
20 Claims be expunged.

21 **IV. ARGUMENT**

22 **A. The Plan Passthrough Workers’ Compensation Claims Should be** 23 **Expunged**

24 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
25 the Reorganized Debtors to file objections to more than one claim if, “Under the Plan, the claims have
26 been disallowed or expunged or the Debtors’ liability has otherwise been resolved or will pass through
27 the Chapter 11 Cases unaffected by the Plan.” Omnibus Objections Procedures Order, ¶2(C)(vii).
28 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and
by cross-reference to claim numbers. Each of the Plan Passthrough Workers’ Compensation Claims

1 identified on **Exhibit 1** hereto will pass through the Chapter 11 Cases unaffected by the Plan, as provided
2 for in sections 4.9 and 4.28 of the Plan. As stated expressly in these sections, these Claims are
3 unimpaired, and the holders of these Claims are free to pursue them unaffected by the Plan. Each of the
4 Claimants is listed alphabetically, and the claim number and amount are identified in accordance with
5 Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections Procedures Order,
6 the Reorganized Debtors have sent individualized notices to the holders of each of the Plan Passthrough
7 Workers' Compensation Claims. The Reorganized Debtors request that the Court expunge the Plan
8 Passthrough Workers' Compensation Claims in their entirety.

9 **B. The Claimants Bear the Burden of Proof**

10 A filed proof of claim is "deemed allowed, unless a party in interest . . . objects." 11 U.S.C.
11 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
12 may not be allowed if "such claim is unenforceable against the debtor and property of the debtor, under
13 any agreement or applicable law." 11 U.S.C. § 502(b)(1). Once the objector raises "facts tending to
14 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,"
15 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
16 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then "the burden reverts to the claimant to prove the
17 validity of the claim by a preponderance of the evidence," *Ashford v. Consolidated Pioneer Mortgage*
18 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
19 *Allegheny Int'l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff'd without opinion* 91 F.3d 151 (9th Cir.
20 1996). "[T]he ultimate burden of persuasion is always on the claimant." *Holm*, 931 F.2d at 623 (quoting
21 King, *Collier on Bankruptcy*); see also *Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
22 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
23 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

24 As set forth above, the Reorganized Debtors submit that the Plan Passthrough Workers'
25 Compensation Claims will pass through the Chapter 11 Cases unaffected by the Plan and, therefore, any

26 ² On November 17, 2020, the Court entered the *Order Extending Deadline for the Reorganized Debtors*
27 *to Object to Claims* [Docket No. 9563], which extended the deadline under Section 7.1 of the Plan for
28 the Reorganized Debtors to bring objections to Claims through and including June 26, 2021 (except for
claims of the United States which deadline was extended to March 31, 2021), without prejudice to the
right of the Reorganized Debtors seek further extensions thereof.

1 proofs of claim filed on account of such Plan Passthrough Workers' Compensation Claims should be
2 expunged.

3 **V. RESERVATION OF RIGHTS**

4 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
5 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
6 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
7 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
8 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
9 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
10 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized
11 Debtors reserve the right to object to the Plan Passthrough Workers' Compensation Claims on any other
12 grounds that the Reorganized Debtors may discover or deem appropriate.

13 **VI. NOTICE**

14 Notice of this Objection will be provided to (i) holders of the Plan Passthrough Workers'
15 Compensation Claims; (ii) the Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and
16 Timothy Laffredi, Esq.); (iii) all counsel and parties receiving electronic notice through the Court's
17 electronic case filing system; and (iv) those persons who have formally appeared in these Chapter 11
18 Cases and requested service pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully
19 submit that no further notice is required. No previous request for the relief sought herein has been made
20 by the Reorganized Debtors to this or any other Court.

21 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
22 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
23 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
24 and further relief as the Court may deem just and appropriate.

25 Dated: February 26, 2021

KELLER BENVENUTTI KIM LLP

26 By: /s/ Dara L. Silveira
27 Dara L. Silveira

28 *Attorneys for Debtors and Reorganized Debtors*